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ABSTRACT

This report discusses weaknesses in the educational process that have led to the crises schools are facing. These defects are explored in (1) the role played by each government level in providing quality education, (2) the role played by the nonpublic sector in American education, (3) the financing of elementary and secondary education, (4) the measurement of educational effectiveness and its relationship to educational investment, (5) the redirection of federal programs, (6) the projections of future enrollments and expenditures, (7) the technological innovations, (8) the economies in education. (Author/JF)

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PROGRESS REPORT

of the

PRESIDENT'S COMMISSION ON SCHOOL FINANCE

EA 003 959

March 22, 1971

President's Commission on School Finance

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March 22, 1971

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The President
The White House
Washington, D. C.

Dear Mr. President:

We are forwarding herewith a Progress Report of the President's Commission on School Finance. Since you established this Commission on March 3, 1970, we have been actively pursuing the tasks which you have assigned to us. Now, at the half-way point in our deliberations, we feel it appropriate to inform you of our progress.

Our findings to date confirm the fact that there is indeed a crisis in American elementary and secondary education. The nature of this crisis goes considerably beyond financial aspects. Overriding the financial considerations is the need to determine the actions necessary to provide quality education and equal educational opportunity for our Nation's children.

We believe we have identified the key issues which must be addressed and these are included in the enclosed report. Our findings present our initial response to these issues. We are aware of their complex nature and recognize the fact that universally acceptable solutions are unlikely. The Commission intends, however, to provide substantive recommendations, with alternatives.

The Commission plans to submit its final report by March 3, 1972, as requested by your Executive Order No. 11513.

We would welcome any reactions or comments regarding our approach to the problems of school finance.

Respectfully submitted,

Neil H. McElroy

Neil H. McElroy

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Progress Report

of the

President's Commission on School Finance

Summary

American schools are providing a better education for a higher proportion of the population than ever before, an often overlooked fact in light of the multiple concerns exhibited by the American public. Included are the concerns of those who feel that the education of those of low social and economic status has been totally inadequate as well as from those who believe that the decision-makers have not effectively utilized public resources.

As a nation, we are now more concerned with our failures than with our successes, and this critical and introspective view of ourselves has focused attention on our educational institutions. Our schools, now operating under severe financial constraints, are bearing the brunt of our dissatisfaction. They are targets of an increasing level of criticism, reflected in a variety of ways, and their financial security is threatened.

In addition to a review of the critical aspects of financing the schools, the Commission is exploring a variety of issues under eight broad headings.

I. The Role of Each Level of Government in Providing Quality Education

The governance of American schools is lacking in definition. Though the States have the principal constitutional responsibility for education, in practice its control is dispersed among approximately 17,500 local school districts, a growing number of "intermediate agencies" (usually county-wide or regional), the 50 States, and the Federal Government. While this highly decentralized structure operated well in an earlier era, when States and communities were largely self-reliant, it functions erratically in an interdependent society characterized by rapid technological advance and a high degree of population mobility. Educational offerings differ greatly among local communities, and the quality of a youngster's schooling is largely determined by the place of his birth and residence. Responsibility and related accountability for the delivery of educational services are virtually impossible within the existing framework. The Commission is investigating the status of present modes of educational governance to relate it to the financial and instructional tasks imposed on the schools.

II. The Role of the Nonpublic Sector in American Education

Today more than 10 percent of the Nation's 51 million elementary and secondary school students are enrolled in nonpublic schools. Declining enrollments and increasing financial pressures threaten the survival of the nonpublic school at anything resembling its present size -- with the possible effect of having public, tax-supported schools absorb these nonpublic students. The Commission is investigating the economic and social aspects of this problem, the future prospects for and importance of nonpublic schools in relation to the public schools, and the constitutional determinations relative to public support of nonpublic schools.

III. Financing American Elementary and Secondary Education

The decentralized control of American education, and the variations in both taxing ability and tax effort from State to State and from community to community result in dramatic disparities in the sums invested in the schooling of American youngsters. In 1969-70, per capita spending among the States ranged from $1,237 to $438; among local school districts within a single State, from $243 to $2,087. Financial disparities of such extreme degree inevitably affect school quality and, hence, equality of educational opportunity. The Commission will make recommendations for reforming present mechanisms for financing schools.

IV. The Relationship of Educational Investment to Educational Quality

Several well-documented studies cast doubt on the relation between educational quality and such long-accepted criteria as pupil-teacher ratios, per pupil expenditures, and the excellence of school facilities. The wise expenditure of public funds for education -- especially in programs aimed at improving the scholastic performance of underachieving students -- must be based on a knowledge of which investments produce results, and which do not. The Commission is investigating the "state of the art" of existing measures of educational effectiveness.

V. Redirection of Federal Programs

Most programs of Federal aid to education are "categorical," i.e., earmarked for specific purposes. These programs are administered by several Federal agencies and dozens of program offices, each with its own priorities, paperwork, and criteria for approving applications. Local and State education officials have criticized categorical aid as being inflexible, often in conflict with local needs, and incapable of efficient administration. Proponents of categorical aid argue that

Federal regulations are necessary to insure that national needs are addressed and that funds are spent for the purposes designated by Congress. The Commission is reviewing the current status of Federal support with a view towards improving the administration and distribution of Federal funds to simplify their usefulness for State, local, and nonpublic educational agencies.

VI. Projections of Future Enrollments and Expenditures

Future policy for supporting American schools must be based on valid, reliable projections of the numbers and needs of students to be educated. Because of the diversity in population distributions, price variances, educational needs related to individual schools and systems, data requirements must encompass a wide range of pertinent concerns. The Commission is developing a projection model with the assistance of experts and consultants, which will reflect differentials in costs throughout the country, both between and within regions. We plan to work closely with States, whose own data can be used and whose insights can be incorporated.

VII. Technological Innovations

The widely heralded promise of educational technology has not even begun to be realized; the best estimate is that less than 5 percent of the Nation's 1.25 billion hours per week of school instruction make any use of technology. The Commission is investigating the factors that have impeded broad adoption of educational technology with a view to recommending Federal action, if warranted.

VIII. Economies in Education

American schools will undoubtedly require greater public expenditures in the future. If they are to succeed in gaining public confidence, however, it is imperative that administrators assess their management practices and adopt techniques that maximize the effectiveness of educational resources. Education administrators have given serious attention to this problem and have produced both cost savings and improved management techniques. Too often, however, successful experiences in one location remain unknown elsewhere. There exists a need to identify and disseminate these results as well as new techniques for increasing the utilization of people, facilities, and other resources.

PROGRESS REPORT

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PRESIDENT'S COMMISSION ON SCHOOL FINANCE

I. INTRODUCTION

American schools today are serving a higher proportion of the Nation's young and adult population than ever before in our history; their curricula are more varied, more intensive, and generally more excellent than they have ever been. More time, energy, and money are invested in the preparation of American teachers and school administrators than ever before. The most obvious reflection of this is the dramatic change in college curricula which have had to be upgraded to meet the needs of entering freshmen. It has been said by many that today's high school graduate is the equivalent of yesterday's college junior.

School administrators have often been leading advocates for public understanding of the social and economic factors that hamper many children in their efforts to learn. American education is doing a better job for more people than it ever has.

In spite of this, however, and at the moment of its highest overall achievement, it is paradoxical that public and private education in the United States is considered by many to be facing a crisis in public confidence. Increasingly frequent, well-publicized confrontations occur among school boards, school superintendents, school principals, teachers, parents, and students; a continuing barrage of unfavorable newspaper, magazine, and television

comment is reported; and a striking drop in the approval-rate of local bond issues for educational purposes -- from 79.6 percent by dollar-volume in 1959 to 43.6 percent in 1969 -- all suggest a decline of public belief that our educational system is adequate for today's need.

It is important to note that many other social institutions are also under attack, and at a time when they, too, are probably providing a higher level of service than ever before. Welfare, housing, public transportation, job training, and other related programs are all experiencing an unusually high level of public indignation. Even the medical profession and related health care services, long a highly respected segment of our society, have not escaped the harsh criticism of a growing number of our citizens. Similarly, all levels of government, industry, the military, and the police have all been shaken in recent years by widespread, hostile public actions.

In summary, virtually all public service programs and activities, though attempting to do more than ever before, are now being criticized for accomplishing less.

Thus, in justice to educators, it must be said that current criticisms of the schools appear to represent one aspect of a broad and complex social phenomenon. But in justice to the American public, the Commission must observe that there are valid reasons for discontent with American education, and that this discontent in some sectors of the country has reached a level that threatens the actual operations of the schools. Though the Commission's specific concern is with the financing of the Nation's

schools, our preliminary deliberations have convinced us that our concern must extend beyond fiscal mechanisms to include other matters somewhat obscured by dollars and cents.

In our earliest deliberations, the Commission's attention has been directed toward the paradox of why a high-income society such as ours is experiencing difficulty in financing education, even in the midst of prosperity. It must be said that by definition it is not the lack of economic capability. Have we underestimated the relative importance of this function? Are we dissatisfied with the offerings of the educational service, or with the performance of those responsible for providing the service? Are we currently financing education at inappropriate governmental levels? Are the financing instruments to blame, or are we simply making ineffective use of these instruments? These questions do not exhaust the possible causes of the crisis in American education. The complexity of the problem defies precise definition.

The last ten years have produced the most rapid increase in expenditures for education in the Nation's history. During the 1960's, expenditures for public elementary and secondary education rose from about $16 billion to about $40 billion -- a 150 percent increase. Comparable figures for nonpublic schools are not available, but it is safe to assume that the percent increase has been greater than that of the public schools. This is attributed primarily to the substitution of lay teachers for religious teachers along with other comparable cost increases.

Much of this spending, particularly that for capital construction, represented an effort to catch up with the enrollment expansion that began in the 1950's. Much of it, particularly the Federal portion, stemmed from the "Sputnik" scare. This led directly to the passage of the National Defense Education Act of 1958, and equally important, to a new interest in better curricula and teaching techniques. The sciences and modern foreign languages were the first areas to receive nationwide attention, and this was shortly followed by further interest in virtually every subject.

Much of the increased spending of the early and mid-1960's was also stimulated by a national concern for racial justice and the assumption that inferior education was one of the major roots of poverty for all disadvantaged American groups.

Whatever the cause of the sharp increase in education spending at all levels, much of it was based on the conscious or unconscious assumption that more money would produce better schooling.

In some cases, higher spending did indeed produce measurable evidence of improved educational results. By the time the decade closed, however, educators, governmental officials, and the general public had good reason to question the validity of this assumption. A major study conducted in 1965 by Dr. James Coleman of Johns Hopkins University -- formally titled Equality of Educational Opportunity -- concluded that traditional indices of educational quality such as low pupil-teacher ratios and excellent facilities (two of the most costly areas of expense) had only a modest bearing on student achievement. Much more important, Dr. Coleman and his associates found,

were "the resources that a youngster's classmates bring to school with them," i.e., the attitude toward learning and the hope for personal success instilled in a child by his home life.

We cite the above, not as an endorsement of this conclusion, but as an example of a primary influence on the thinking of those concerned with the educational process.

Project "Head Start," an effort to stimulate the achievement of culturally deprived children through pre-school education, seemed to produce some short-term benefits. This program had many unique characteristics such as the involvement of parents and community residents in the instruction of children, and the provision of medical, dental, and nutritional care for youngsters who had never received it before. "Follow-Through" -- an attempt to build on Head Start -- was designed to provide special attention for these children within the schools, to maintain the benefits achieved in pre-school activities. Both programs recognized the need to overcome the effects of three or four years of cultural deprivation preceding exposure to the educational process.

While evaluations of these programs include both affirmative and negative conclusions, we believe it is much too early to make conclusive judgments.

Results were equally mixed for other compensatory programs. Five years after the Elementary and Secondary Education Act went into operation, the U.S. Office of Education reported that children participating in ESEA's Title I -- aimed specifically at improving schools in areas with large concentrations of low-income families --

had only a 19 percent chance of a significant achievement gain, a 13 percent chance of a significant achievement loss, and a 68 percent chance of no change at all. After surveying the major compensatory education programs, the U.S. Civil Rights Commission stated that "none of the programs appear to have raised signficantly the achievement of participating pupils."

In sum, a considerable amount of money and effort had been invested in educational therapies that, as yet, have failed to produce the expected cure. Among the conclusions which may be drawn from this experience were these: either educators and the public officials who shaped educational policy did not know as much about learning theory as they thought; they had failed to apply what they did know; or the obstacles of the community are not susceptible to educational processes presently employed in the majority of school systems. One can only speculate about the possible decline in accomplishment on the part of students in our public schools if there had not been the allocation of additional Federal, State, and local dollars during the decade 1960-1970.

The costs of these programs went far beyond dollars; they consumed much hope and belief, too. During the early 1960's and for several years before that, local bond issues for educational purposes were being approved by the voters about 70 to 80 percent of the time. By the late 1960's, the approval rate had dropped to 43 percent. It was tempting and perhaps too easy to ascribe this to "taxpayer's revolt," but the 1970 elections -- which, in many communities, included local bond issues -- indicated that the "revolt" was selective: a high percentage of bonds for sewer construction and

other environment-related purposes was passed, while a high percentage of those for education was defeated. Schools and the people who ran them appeared to be special targets for the taxpayers' anger.

These two phenomena by themselves -- the apparent ineffectiveness of sharply increased spending for education and voter resistance to more spending -- might not have added up to a crisis in American education. But a number of other, long-standing weaknesses in the educational process caught up with the Nation in a decade during which we paid more attention to the quality of schooling and to the equality of educational opportunity than ever before. These other weaknesses will be detailed in the sections that follow, so there is no need to enumerate them here. Suffice it to say that -- as will be shown -- the schools of the United States are facing a genuine crisis.

A highly advanced, highly technological society such as ours depends heavily on excellent education -- not only for further progress in the scientific and technical fields that have brought us so much material abundance, but also in the development of a human, intelligent control over the machinery whose products and processes threaten to destroy our environment. Domestic peace depends heavily on excellent education: a citizen must believe that the social institutions of his country offer him and his children hope for increasingly more comfortable, more fulfilling lives if he is to support those institutions -- and education, again, is the key to the opportunities which justify hope.

The crisis in school finance is, we believe, a national problem. It has been gathering strength for approximately two decades, evoking

an uncoordinated response from Federal, State and local governments. One more decade of scattered effort could not only waste scarce resources, but might increase the disparities in educational excellence from place to place within our country, bringing us closer to George Orwell's vision of 1984: a land where all children are created equal -- but some are more equal than others.

It was against this background that, on March 3, 1970, President Nixon created the President's Commission on School Finance, with an expected life of two years and the broad mission of "reporting to the President periodically on future revenue needs and fiscal priorities for public and nonpublic schools."

"There comes a time in any learning process," wrote the President in his March 3 message to Congress on educational renewal and reform, "that calls for reassessment and reinforcement. It calls for new directions in our methods of teaching, new understanding of our ways of learning, for a fresh emphasis on our basic research, so as to bring behavioral science and advanced technology to bear on problems that only appear to be insuperable.

"That is why, in this field more importantly than in any other, I have called for fundamental studies that should lead to far-reaching reforms before going ahead with major new expenditures for 'more of the same.'"

II. THE ROLE OF EACH LEVEL OF GOVERNMENT IN PROVIDING QUALITY EDUCATION

The Constitution of the United States makes no mention of education. Hence, by the terms of the Tenth Amendment, responsibility for education is reserved to the States. In practice, the daily discharge of this responsibility is delegated to approximately 17,500 local school districts and to a growing number of "intermediate agencies" -- county and regional education agencies which fit somewhere between locality and State.

Thus, the control of American education is widely dispersed. On balance, this decentralized system (some, with considerable truth, call it a "non-system") has served the Nation well. State departments of education vary in their activities but most commonly determine general guidelines for curricula, standards for teacher certification, and the length of the school year. Many prescribe courses that must be taken by every student in the State's schools, such as State history and civics, and many issue lists of State-approved texts from which local school districts must choose.

In the main, however, local school districts have considerable flexibility in determining curricula, school organization, and credentials for teacher advancement and tenure. The general rule is that the State sets certain minimum standards, and local communities are free to exceed those standards by as much as local sentiment and tax-paying ability permit. This delegation of authority by the States has resulted in broad discretionary authority and power being vested in local boards of education with respect to curriculum, organization, and range of educational opportunities for students.

There are inevitably exceptions to this, as to most other rules. The State-local partnership in education has not always functioned smoothly. State-approved or State-prescribed texts have in recent years been challenged by parents who objected to the treatment of minorities -- and the States' encouragement or discouragement of controversial topics, such as sex education, evokes sharp reaction from local communities. In the 1950's and 1960's, city school districts complained that State legislatures, most of which had majorities from rural constituencies, favored rural and suburban districts over the urban, particularly in the allocation of State aid.

And today, many parents in the city school systems complain that "local control" is a fiction, owing to huge enrollments and a central bureaucracy so specialized and so far removed from individual neighborhoods that it cannot respond to the particular needs of racial, ethnic, and socio-economic minorities. In such circumstances, these parents and many educators complain, sheer size frustrates the original intention of keeping public education diverse and flexible by keeping it close to the parent.

Disagreements about the proper jurisdictions of State and local education agencies are of long standing and will probably remain with us.

The problems of size in local school systems are problems of communication, organization, administrative control, and opportunity for personal satisfaction provided for parents and students. Within some States, both local school boards and state legislatures have moved toward decentralization in an effort to minimize the problems of size.

But one problem in intergovernmental relations for education is relatively new, occasioned not only by the introduction of Federal aid-to-education programs, but also by widespread changes throughout our society. It is the problem of "equal educational opportunity." The nature of this problem is best described by the economic and social changes which produced it.

The first major change of concern here is a change in the structure of the working force.

At the turn of the century, about 5 percent of those leaving schools entered the professions and skilled trades, and about 60 percent entered occupations which required little or no formal education, but depended almost entirely on manual labor and on relatively simple skills that were typically passed on from father to son or learned on the job -- mining, farming, ranching, fishing, and construction, for example. The schools acted as "sorting-out agencies," conferring a minimal literacy on all who entered school, but encouraging the great majority to enter the work force in their early teens. At the same time, they selected an academically oriented few to continue their education beyond the three R's.

Today, the reverse is true with about 60 percent of those leaving schools entering the professions and skilled trades, and only 5 percent finding employment in unskilled, manual labor. Most employment training is still given on the job, but employers require a much higher level of literacy before they will invest in training a job applicant. Whether or not most of the jobs in our economy really require a minimum of a high school education is beside the point;

the point is that personnel managers have found the high school diploma a convenient minimum criterion for screening job applicants, and certain minimal educational credentials are a convenient way of keeping many youngsters off the job market. The result, in any event, is that formal education has taken on an importance for employment that it did not have 50 years ago.

The second major change affecting education has been the evolution of social and economic interdependence throughout the United States.

The majority of the American public have accepted the fact that some citizens' misfortunes cannot be entirely remedied through their own efforts, and that the tax-paying majority should assist individuals who lack the economic resources to meet their own needs.

We are an interdependent nation. The time when each community was largely self-dependent has passed. Nobody raises cows in New York City and nobody manufactures television sets in rural Kansas. Yet, the residents of both areas drink milk and enjoy television shows. The distribution of natural resources, the increased division of labor, the development of improved communications and transportation systems, and the concentration of specialized skills, capital and manpower in relatively few places, have imposed upon the Nation a need to draw upon resources far removed from the local scene, with drastic consequences if these resources are suddenly no longer available.

The third major change is social mobility.

To choose 1900 again as a benchmark, the great majority of Americans lived and died within 50 miles of the place of their birth.

Today, one of every five Americans changes his place of residence each year, often motivated by a search for economic and educational opportunity. In most cases, the journey is slight in terms of miles: from a city to a suburb, from one county to another within the same State. In an increasingly larger percentage of cases, the transfer is from one State to another.

Whether the distance traveled is small or large, however, this mobility -- occasioned by job changes, promotions, the ability to afford a better home -- has deep implications for school systems. The third grader who has been brought up on the "new math" in the East may be transferred, for fourth grade, to a school in the West that still relies on the old math; the high school junior who has chosen an elective in German or physics in a northern school may not find those options open to him in his senior year, if in the meantime his father has been transferred to another community in the South. The quality of education, the sequence of courses, the breadth and depth of the curriculum can all differ from community to community, whether the communities be 2,500 miles apart or only 25. The student who has been earning "B's" in one school system may find it difficult to earn "C's" in another, and the difference can affect not only his chances for entering college, but his motivation to continue school at all.

Put these three factors together -- <u>the new importance of formal education for work, social and economic interdependence, and disparities in the content and quality of education from community to community</u> -- and it becomes clear that the citizens of each community and State have a stake in the quality of the education that goes on in the others.

In sum, inequities in educational quality penalize the Nation, not only in terms of such measurable economic costs as welfare, juvenile delinquency, and rehabilitation programs designed to remedy the damage caused by ineffective education, but in terms of human promise unrealized.

The time has come, then, for a reassessment of the structures by which American education is regulated, as well as financed. The diversity afforded by the pre-eminence of State governments and by the lack of control of a central government, offers States and their local communities opportunities to experiment with new educational approaches.

The Commission believes that there needs to be articulated a national policy on the education of all Americans -- now non-existent -- and that the Federal, State, and local governments must re-examine their educational relationships to determine how such a policy might best be carried out. Basic to all these considerations is a definition of "equal educational opportunity" in both fiscal and educational terms. Unless such a definition can be formulated, responsibility for providing a minimum quality of education cannot accurately be assigned to the appropriate level of government.

In particular, the Commission intends to examine the following:

1. <u>The Federal Government Role in Education</u>

   The Federal Government has been involved in education since 1787, with the passage of the Northwest Ordinance which set aside a portion of public lands in each new territory for the establishment of schools. Similarly, the Morrill Land-Grant Act of 1862 provided for the sale

of public lands for the establishment of institutions to teach the agricultural and mechanical arts. During World War I, the Smith-Barden Act provided Federal support to State education agencies in initiating courses in technical skills. Thus, there is ample precedent for a Federal role in education. However, the precise nature of that role has never been defined. Does it extend beyond providing financial support? Should it seek to equalize educational resources among the States? Should it guarantee a minimum educational program, however defined? These are only a few of the questions that should be addressed.

The basic principles of stewardship dictate that the Federal Government must ensure that its public revenues deriving from all 50 States must be expended equitably, especially since some States contribute proportionately larger sums to the Federal Treasury but receive relatively less in return.

Most Federal education programs these days are "categorical" in nature: they provide funds for clearly specified purposes, such as for educationally disadvantaged children, vocational education, school lunches, textbooks, teacher workshops, innovative programs, and the purchase of certain kinds of equipment. Some State and local education officials claim that existing categorical programs do not meet their needs; that categorical aid favors large or well-staffed school

districts which can afford specialists in proposal-writing; and that they tempt school districts to design programs for which Federal funds are available, rather than programs to meet local needs. These critics argue that the Federal Government should provide "general" funds for education, i.e., financial aid programs which allow State and local officials to decide how Federal funds should be used.

2. The State Role in Education

The States have the basic responsibility for education. The Federal Government recognizes this and has a categorical program to strengthen the capability of the State to exercise this function. Title V of the Elementary and Secondary Education Act will have provided $158 million since its enactment through fiscal year 1971, to upgrade the quality of State departments of education.

The question of what the State role is relative to "equal educational opportunity" must be answered. Shall it be the State's responsibility to determine the distribution of all funds for education within the State? Does the same principle of stewardship which was attributed to the Federal Government pertain to the State -- which is that the public revenues deriving from all cities, counties, or other legal entities must be expended equitably, recognizing also that some jurisdictions contribute proportionately larger sums than others? Should the State ensure that all children reach an achievement level that will not produce disparities in

opportunities after leaving school? Or, should the State be primarily concerned with providing equal educational resources to all children while they are in school?

This lack of definition stems from the early pre-eminence of local communities in establishing schools, before there was any State body to help or to regulate them. Regardless of the inherent supremacy of the States in educational matters, it has generally been local communities which took the lead in assessing citizens for education, building schools, hiring teachers, and determining at least the outline of a curriculum.

Whatever its causes, questions are raised as to the ability of State departments of education to monitor the quality of education in local communities, to diagnose the symptoms of educational illness, and to supply the remedy required -- with or without Federal help.

3. The Intermediate Agency in Education

In many States, an intermediate unit exists between the State education agency and the local school district. In most cases, this is a service agency organized along county or regional lines that provides psychological, special education, data processing, purchasing, instructional films, audiovisual or other specialized services to local school districts. In some States, this intermediate agency is an arm of the State; in others, it is independent, frequently

created by a group of cooperating localities. In virtually all cases, it represents an attempt to provide specialized services economically and efficiently over a geographical area larger than that of the typical school district, without infringing on local autonomy.

4. The Local Role in Education

Most important decisions relating to the quality of education are made at the local level. State departments of education typically determine the criteria by which teacher-applicants are certified for service in any school system within that State, fix the length of the school year (by making a certain minimum number of days' attendance compulsory before a local school system can qualify for state aid), and approve lists of textbooks from which local school systems must choose for certain subjects. In some cases, State legislatures require local school systems to teach certain courses, such as the history of the State and civics.

By and large, however, the quality of education within a community depends on local citizens, not on the State, and local education officials are as sensitive to State "intrusions" on their own powers as State officials are sensitive to real or fancied intrusions by the Federal Government. Especially in the large cities, but also in upper-income suburbs proud of the excellence of their schools, the local educational system has developed a power rivaling that of

> the State education departments -- a political reality that must be considered by any reappraisal of governance in education, and that must be reflected in any set of recommendations for improving education through a realignment of that governance.

The Commission subscribes to the principles inherent in the Federal structure of our government. This structure is dedicated to balance among the local, State, and Federal governments; to the assignment of responsibility closest to the source of accountability; to a three-way partnership with each member working to assist rather than compete with one another; and to a sharing of strengths and resources.

III. THE ROLE OF THE NONPUBLIC SECTOR IN AMERICAN EDUCATION

The American educational system began in the New England Colonies with nonpublic schools that were almost entirely denominational. This private tradition was so strong that the first U.S. Commissioner of Education was once ordered off a farmer's land at gunpoint because he proposed that all citizens in Rhode Island be taxed to support a public school system.

Since the first colonists had come to America largely to escape religious persecution, it was natural that their schools should reflect a strongly religious tone -- and that tone was Protestant. This Protestant atmosphere, coupled with old animosities stemming from the religious wars of the Reformation era, was frequently reflected in an outright anti-Catholic bias as immigrants of the Roman faith began arriving in large numbers in the United States during the early 1800's. Catholics would probably have formed their own schools even if the public schools had been religiously neutral, but Catholic-Protestant friction accelerated the establishment of parochial schools. Both varieties of Christians, of course, continued to distinguish themselves by setting up parochial schools, and the desire to preserve special cultural institutions, such as the Hebrew language, led to the formation of Hebrew schools.

Today, 5.6 million of the Nation's 51.6 million elementary and secondary school students are enrolled in nonpublic schools. Of these nonpublic school students, 85 percent are in Catholic schools, 9 percent in schools of other religious denominations, and 6 percent in private

nondenominational schools. The U.S. Office of Education estimates that $4.7 billion is currently being spent in this area, encompassing both outlays and contributed services. Initial contacts made by the Commission with nonpublic school organizations indicate a somewhat lower amount, ranging from $2.0 to $4.0 billion.

Financial values are not the only ones related to nonpublic education, of course. The religiously affiliated schools represent, in addition, a commitment to a specific view of human life and its purposes, and the nonpublic schools as a whole are an expression of an important American value: parental freedom of choice in education.

The importance of this second set of values can and has been debated endlessly. What the proponents of nonpublic education see as "freedom of choice" and "diversity," some critics of nonpublic education see as "divisiveness" and privilege. In any case, it is the public service aspect of the nonpublic schools which is most germane to the Commission's deliberations: the fact that they educate, mainly at private expense, 5.6 million American children who would otherwise be educated at the general public expense. The specific problem requiring the inclusion of nonpublic schools in the Commission's study is the increasing financial difficulty which the sponsors of those schools face -- with the possibility that these children may be enrolled in public schools.

From 1960 to 1965, nonpublic school enrollments increased 10 percent, from 5.7 million to 6.3 million, continuing a pattern of growth which had held since 1900. In 1965, however, enrollments

in nonpublic schools began to decrease; between that year and 1970, enrollments decreased by approximately 700,000 students. More recent evidence indicates that the trend is accelerating. Since 1965, approximately 1,400 nonpublic elementary and secondary schools have been closed.

The reasons for this decline are probably not entirely financial. Improvements in local public schools may have been a factor. The National Association of Independent Schools finds that its members' enrollments are holding reasonably steady overall, but notes a decline in enrollment in boarding schools. Cost, the Association suspects, is not the primary cause; the major reason may simply be a decline in parental enthusiasm for the concept of boarding and a loss of belief in its importance as part of the educational experience. Similarly, declining enrollment in the denominational schools may stem, at least partly, from changing attitudes on the part of parents, regardless of their ability to support church schools. With the decline of old religious animosities and the general secularization of American life, some Catholic parents have come to question whether their parochial schools differ from the public in any educationally important characteristic. There appears to be a considerable difference in the attitudes of Catholic parents since 1950 and in their perception of being Catholic.

Regardless of the causes, at least some public educators join their nonpublic counterparts in viewing the decline of nonpublic education with concern. This is particularly the case in the older cities of the East and Midwest. Nonpublic schools educate 20 percent

of the elementary and secondary students in New York, Pennsylvania, and Rhode Island and about 35 percent of those in Philadelphia and St. Louis; between 28 and 30 percent in New York City, New Orleans, Boston and Chicago.

The substantial decline in nonpublic enrollment has drawn the attention of Federal and State legislators to possibilities for aiding nonpublic schools within the limits of the Constitution. At the Federal level, Congress passed the Elementary and Secondary Education Act of 1965, which -- on the theory that the various types of aid it offered went to a qualifying child, not to the school -- extended benefits to students in nonpublic schools. It is noteworthy in this connection that research grants, scholarships, construction grants and loans have been extended to religiously affiliated colleges and universities without much public controversy; supporters of the nonpublic schools wonder why the Constitutional line should be drawn at twelfth grade.

At the State level, Rhode Island, Michigan, Ohio, Pennsylvania, Connecticut, and New Jersey adopted laws which reimburse teachers from nonpublic schools for a portion (ranging from 15 percent in Rhode Island to 100 percent in Pennsylvania) of teachers' salaries for instruction in secular subjects. However, recent public reaction has resulted in having any kind of assistance to nonpublic schools rescinded by Michigan voters in November, and the Pennsylvania and Rhode Island laws are now being contested in the U.S. Supreme Court.

In addition to those States which have enacted laws permitting public reimbursement for instruction in nonpublic schools, five States

(California, New York, Texas, Wisconsin, and Maryland) are considering adoption of tuition-grant plans that would enable a youngster to obtain his education at approved nonpublic schools; another 14 States are considering increases in present programs of public aid to nonpublic schools, and 15 States are considering legislative proposals to establish such aid programs for the first time. The Pennsylvania case, in which the Justice Department has filed an amicus curiae brief asking the Court to sustain the State's program, may affect other present and pending State programs.

The Commission is extremely conscious of two basic and interrelated principles in this area. They are 1) that all children in the United States share equitably in the national resources available for education, and 2) that no public program be undertaken that will violate the constitutional prohibition against any governmental establishment of religion, or the guarantee of free exercise of religion.

For purposes of the Commission's deliberations, the term "nonpublic schools" is consistent with that of the Department of Health, Education, and Welfare, and excludes those which operate for profit or which have racially discriminatory admissions policies.

IV. FINANCING AMERICAN ELEMENTARY AND SECONDARY EDUCATION

During the 1969-70 school year, Americans invested $41 billion in the public support of elementary and secondary education. Of this amount, 56 percent was raised by localities, 37 percent from States, and 7 percent from the Federal Government. This investment produced an average of $783 for each public school student, as measured by average daily attendance.

Yet concealed by this and by most other "averages" relating to education is an amazing range of educational expenditure from State to State and from community to community within each State. In 1969-70, for example, New York ranked highest among the States on per pupil spending with $1,237; Alabama was lowest with $438. Within the State of Texas a year or so ago, district expenditures per pupil ranged from $243 to $2,087.

The causes of these disparities show up in many ways. During the 1968-69 school year, 80 percent of California's public school teachers received salaries of $7,500 or more; only 2 percent of those in Mississippi did. Even after making the necessary allowances for cost-of-living differentials, one must nonetheless recognize -- after reading down the roster of the States and finding the same ones at the bottom of the list on almost every financial index -- that teachers beginning their service in one region would have a strong motivation to move to another, or to switch to another occupation. In list after list of measurements of spending for education -- teacher salaries, pupil-teacher ratios, investment per pupil -- the Southeastern States rank at or near the bottom. And in list after

list of measurements of educational achievement -- median school years completed by persons over 25, percentage of population that is illiterate, percentage of ninth-graders completing their high school education four years later, percentage of Selective Service draftees failing mental tests for induction -- it is also the Southeastern States which generally rank lowest.

This should not be read as an indictment of Southern States for, paradoxically, they often try much harder to finance education than more affluent States in other parts of the Nation. In the 1968-69 school year, for example, Mississippi ranked 50th among the States in its ability to support education (as measured by per capita income and similar economic indices). In the 1969-70 school year, Mississippi ranked 49th in its actual spending per pupil in the public schools. However, it ranked twelth in its effort to support education; its citizens devoted 4.8 percent of their incomes to the public schools and produced only $476 per pupil, while those of New York -- which ranked first in the Nation in actual spending per pupil -- taxed themselves 4.6 percent for education and still produced $1,237 for every pupil in public schools.

It may be overly confining to assess effort solely on the basis of educational expenditures for classroom activities. Other supportive public services in such areas as libraries, museums, social and welfare services make significant contributions in motivating children to stay in school.

As previously mentioned in this report, the Coleman study cast considerable doubt on the traditional criteria for judging educational

quality -- such measures as per pupil expenditures, pupil-teacher ratios, teacher salaries, excellence of equipment. Each of these is related to educational spending, so it may seem that in citing the disparities in educational spending from State to State and suggesting their relationship to scholastic achievement, the Commission is relying on an argument that is now at least partially discredited.

Yet there may be a circular relationship here which, though indirect, is nonetheless powerful. Coleman felt that the most important determinant of scholastic performance was home background -- not only the individual background of each student, but the combined backgrounds of all those students who attend a single school. Each student was helped (or hindered) not only by his own background, but also by those of the students with whom he attended class. Parents' attitudes toward education, toward pursuits which stem from it (such as reading, conversation beyond the level of basic communication) and their views about the possibilities for success in life and the measures of success -- all these form a kind of cultural viewpoint which filters into a class through the students and, apparently, affects their performance in school.

But this "cultural viewpoint" has a strong financial component which, in turn, has an educational component. Parental income depends on parental occupation, and parental occupation depends largely on parental education. It may be that the traditional determinants of educational quality <u>do</u> hold up if one traces the chain back far enough; the striking relationship between State-by-State investment

in education and State-by-State figures on scholastic achievement indicate that -- as Dr. Coleman would undoubtedly agree -- the argument as to just what does constitute educational quality has by no means been settled.

It could be postulated that getting through the educational process itself, assuming at least a successful graduation from high school, could be the primary factor in increasing income, thereby increasing cultural development and reducing disparities in educational achievement. The cycle is a never-ending one, and educational finance plays an important role.

While determined not to pre-judge the argument, the Commission wishes to inquire into the financing mechanisms which make such wide disparities in educational financing possible. At the outset, it intends to investigate the following matters:

Local Tax Structures: Though only 10 percent of the national income derives from property, about 56 percent of the taxes raised for the support of public schools come from local property taxes. These taxes depend on two factors: first, the tax base, or the value of the property in a community that can be assessed for taxes; second, the effective tax rate, or the percentage of the true value of property which a community uses for computing taxes.

Both the tax base and tax rate vary widely from community to community. In 1969 Boston had a tax rate of 144 mills -- more than three times the tax rate of suburban Weston -- and raised $655 per pupil, while Weston raised $956 per pupil. While any American community should have the right to assess its citizens a higher amount of taxes for education than a neighboring community if it chooses, the

tax base clearly limits the amount that a community can raise no matter how hard it tries. And this limitation, in turn, means that the children in "poorer" localities will -- to the degree that educational quality depends on finance -- be denied adequate educational opportunity while children in "richer" localities will increase even further the gap between themselves and their less fortunate neighbors.

State Tax Structures: The mechanisms by which States raise taxes vary; most have income taxes, but some do not. Virtually all have sales taxes (Delaware does not) and all raise revenues by other means such as the licensing of businesses and assessment on automobiles. Most have recognized the disparities in tax-producing ability in their various communities and have adopted, for purposes of supporting education, State "foundation" laws. Typically, these laws provide greater amounts of State aid to communities with low tax bases than to those with high tax bases. For reasons of political prudence, however, they usually provide some State aid to all communities, regardless of their affluence.

The principle behind State foundation laws is sound. In essence, it says that good education requires a certain minimum amount of financing, and that if the local community cannot provide that financing, the State will supplement the community's efforts.

But in practice, the foundation laws fall short of their intended goal of equalizing resource-disparities among communities. The basic reason is historical: the earliest foundation laws were passed around the turn of the century, when cities were wealthy. Their effect was

to tax city residents to help pay for the education of children who lived outside the cities.

In the last two decades, as the balance of wealth shifted from the cities to the suburbs, the cities began petitioning their legislatures for a change in the foundation formulas. Generally these appeals fell on deaf ears, for -- owing to fixed apportionment rules -- most legislatures were dominated by rural members. Finally, in the 1960's the Supreme Court ordered legislative reapportionment based on the "one man, one vote" principle -- but in the meantime, the balance of population had shifted to the suburbs, and suburban legislators have shown no more inclination to come to the aid of the cities than their rural counterparts.

The problem of financing education in the cities has been complicated by two new factors: first, population shift, and second, municipal and educational overburden.

Population shift refers to the emigration from the cities into the suburbs of middle-class, predominantly white families and the simultaneous immigration into the cities of low-income families from other areas in the Nation, usually rural or depressed areas. Business enterprises, a significant source of tax revenue, have followed the same pattern and have also moved from the cities to the suburbs. The result has been an erosion of the tax base on which cities could draw to support education.

Municipal and educational overburden refers to the extra costs incurred by cities owing to their special position as the economic, cultural, and population core of metropolitan centers. Many

suburbanites work in the cities, earning their living there and taking advantage of cultural facilities -- restaurants, theaters, museums -- in the city, but pay their taxes in the suburbs. While middle-income city-dwellers continue to move to the suburbs, low-income and indigent residents of rural and other depressed areas have been attracted to the cities by the hope of employment or generally improved opportunities for themselves and their children -- "opportunities" including better schools, greater access to medical care and governmental services, and escape from the restricted life of sparsely populated communities, as well as the frequently over-emphasized increases in welfare payments. The emigration of middle-income residents, the immigration of poorly educated, often unemployable new residents, and the high costs of serving their own citizens as well as suburbanites subtract from the amount of tax revenue available for city schools.

Finally, the costs of urban education are generally higher than those in the suburbs. Land in the central city is more expensive; during 1967, the Detroit public school system paid an average of $100,000 per acre for elementary school sites, while surrounding communities paid only $6,000. Teachers' salary scales are frequently higher in the suburbs than in the cities, but city staffs include a larger percentage of experienced, veteran teachers who are paid at the high end of the salary scale; hence, overall salary expenditures are proportionately higher in the cities. Finally, the cities include much higher percentages of racial and ethnic minority children and of culturally deprived whites, and the costs of educating these children exceed normal costs by significant margins.

State foundation laws as presently constituted do not begin to close the gap in financing between cities and suburbs or between affluent and poor communities, regardless of their setting. The median school district among Michigan's poorest communities (lowest 25 percent) received $319 in State aid per pupil during 1967, while the median school district among the State's most affluent communities (top 25 percent) received $215. The differential of $104, while reflecting the State's recognition that some localities need more help than others, could not begin to narrow a disparity in investment between the State's wealthiest school district and its poorest that exceeded $500 for each student.

Federal Education Aid: A few Federal aid-to-education programs -- notably Title I of the Elementary and Secondary Education Act of 1965 -- attempt to compensate for the disparities in tax resources between rich and poor communities. Virtually all others, however, provide financial aid on the basis of population alone without regard to income, local effort, or any other criterion reflecting educational need. Many require matching funds, a requirement that places poor school districts at a disadvantage. And some, as mentioned above, are awarded on the basis of the excellence of the proposals submitted -- a competition in which small, poor districts usually come in last. There was a measure of justice as well as humor in the suggestion of one participant at the White House Conference on Education in 1965 that the largest Federal grants should be awarded to the districts submitting the worst, least imaginative proposals, on the ground that their poor staff work proved they needed the money most.

Title I of ESEA is the largest single Federal program of aid to schools; it offered $1.2 billion when first passed in 1965, and provides approximately the same amount for the current fiscal year -- all to school districts with "large concentrations" of low-income families. Yet Title I, in spite of its total magnitude, stretches a substantial amount of Federal support over such a large student population that the amount per pupil becomes relatively low. During the 1969-70 school year, according to U.S. Office of Education estimates, approximately 7,500,000 students in the U.S. qualified for aid under Title I.

In summary, the combined present local, State and Federal mechanisms for financing education seem outdated, insufficient, or inadequate to overcome the great differences in taxing ability between State and communities within the Nation.

V. MEASURING EDUCATIONAL EFFECTIVENESS AND ITS RELATIONSHIP TO EDUCATIONAL INVESTMENT

In pursuing that will-o'-the-wisp called "educational quality," education decision-makers have generally concentrated on inputs such as per pupil expenditures, investments in buildings, texts, and teachers which went into the front end of the educational process. Not until the late 1960's, however, have many of them attempted to correlate these investments with output: the academic achievement coming out of the far end of the educational process. Hence there have been virtually no solid economic data to prove that increased investment in a community's schools has produced any gain in achievement.

A few economists have tried to measure the relationship between educational investment and a society's productivity. This "investment theory" was first mentioned by Adam Smith in the latter half of the 1700's; not until recent years, however, have economists had sufficient data to analyze the problem with any degree of scientific rigor. Theodore Schultz ascribes to investment in man through education some of the U.S. gain in productivity and asserts that the productivity of the 1950's and 1960's would be inconceivable with the "capabilities per man that existed as of 1900 or even 1929 in the United States." Edward F. Denison believes that 23 percent of growth in the national product can be attributed to improvements in the quality of the labor force and that this improvement, in turn, stemmed from "changes that had been made in education of the young." After studying increased U.S. productivity between 1945 and 1965, D. W. Jorgensen and Z. Griliches concluded that 14 percent could

be attributed to a higher quality of labor as distinct from higher quantities of labor or new investment in technology.

Yet many educators remain dissatisfied with these analyses because it is difficult to relate any segment of the typical educational program to job performance. As a group, American workers are assumed to be more productive than their European counterparts, and part of the difference is attributed to better education; but do courses in history, Shakespeare, and algebra have any bearing on the performance of a lathe operator or sales manager? Studies of lifetime income for Americans of varying educational attainment indicate that males with only an eighth-grade education can expect to earn $250,000 in their lifetime, high school graduates $350,000, and college graduates over $500,000. These statistics have been frequently cited to prove the value of education, and to a degree, they do prove it -- but mainly the value to the individual, not to society. To manufacture an extreme example for purposes of illustration, if the United States were to decide to educate every American youngster to the level of a master's degree, the statistics on increased earnings with increased education would quickly disintegrate. Not even the United States, the most technologically advanced nation in the world, could absorb so many highly trained minds. There are already indications that we may be producing more Ph.D's than the economy can absorb.

Economic analysis is further complicated by necessary policy questions. On the level of economics alone, the United States might be equally, if not more, justified in subsidizing the education of a

middle-class white than the education of a low-income, culturally disadvantaged student; the first investment would produce results more quickly and cheaply than the second. Yet our national social policy dictates that we try to educate every youngster to a level of mental functioning that enables him to make maximum use of his native ability -- and that policy may therefore require twice as large an investment in the education of the disadvantaged child as in that of the culturally fortunate youngster.

The nub of the question, however, remains, "What are we getting for our money?" Until we answer this, we cannot intelligently balance fiscal imperatives and social goals.

At present, we cannot begin to answer that question. Local school systems can offer impressive sheaves of figures which permit one to calculate costs per pupil down to the penny. But these cost figures do not tell us how much each student learns for a certain investment, only what it costs to keep him seated for a year. It might make much more sense to move from per pupil costs to "learning-unit costs," i.e., how much total investment -- including teacher's salary, classroom space, cost of materials, etc. -- was required to move a student from one level of proficiency in reading or mathematics to the next higher level.

Current school statistics offer no illumination on this subject. For good professional as well as political reasons, many school systems guard records on student achievement; it would be too easy for parents in city school systems to compare achievement data with those of suburban school systems and to criticize the results without understanding the differences in student clientele. Even when

school systems do publish achievement data, figures are usually for the school system as a whole, not school-by-school.

Yet the data on individual schools are essential to accurate measurements of the results of educational investment. All large school systems contain a broad cross-section of American children. Test-score "averages" indicate how the system at large is doing, but do not permit one to evaluate the results of the investments going into different kinds of schools within that district -- to compare, for example, the results of identical per pupil expenditures going into School A, with a majority of white, middle-income children; with those in School B, with a majority of black, low-income children; and School C, with a majority of Spanish-speaking children.

In addition to lacking detailed figures on a school-by-school basis, we also lack information necessary to decide what kind of educational investment should be made to improve the achievement of disadvantaged children. The reallocation of educational investments can be made in many different forms: teachers with special competencies or specialization could be concentrated in low-income neighborhood schools; the school system could increase the pupil-teacher ratio in advantaged schools, while decreasing it in others; it could decide to hire more remedial specialists at necessarily higher salaries, compensating for the increased costs by cutting back on staff in advantaged schools; it could experiment with busing programs that would place culturally deprived children in classes with culturally privileged ones, and with various other possibilites -- most of them controversial.

In sum, detailed statistics are essential for us to gauge the effect of educational innovation -- and the last few decades have given us a host of possibilities for improving educational quality through new teaching techniques, reorganizations of classrooms, new deployments of teaching personnel, and the wider use of instructional technology. There is enough evidence on most educational innovations to indicate whether they work or not and under what conditions; but there is not adequately detailed information to indicate the precise cost of implementing these innovations so that the expense can be compared with achievement gains, and rational, informed decisions made about the trade-offs necessary. Should a school system hire 100 new teachers? Or should it use the same sum to hire 25 new teachers and 150 teacher-aides? Or furlough 10 principals and 30 teachers for intensive training in team-teaching or inquiry-centered learning? Or invest that amount in "talking typewriters?"

Better information will not by itself make these decisions for school officials, but it will at least give them a clearer view of the costs of various alternatives, and will enable State and Federal governments to base programs for school support on a greater degree of documented experience than now guides such decisions.

VI. REDIRECTION OF FEDERAL PROGRAMS

Federal aid to public and nonpublic elementary and secondary schools in the 1970 fiscal year (ending June 30, 1970) totaled $3.3 billion, according to data included in the "Special Analysis of the Budget of the United States for FY 1971." This sum was distributed over 40 programs (the exact number varies, depending on who is counting) administered by such agencies as the Department of Health, Education, and Welfare; the National Science Foundation; the Office of Economic Opportunity; and the Bureau of Indian Affairs.

Not included in this figure is the amount provided by the Department of Agriculture for school lunches and other food services, which is approximately $650 million; the education portion of the Model Cities Program of the Department of Housing and Urban Development, estimated at $75 million or approximately one-fourth of the total; and possibly some other funds not identifiable within the budget. The major source of financing is, of course, the U.S. Office of Education, which provides approximately 70 percent of the total Federal funds for elementary and secondary education.

With this Federal aid being parcelled out by many different hands for a wide variety of purposes, it is inevitable that educators and officials at the three levels of government should question the effectiveness of this mode of administration. Might there not be duplications of effort here and there, as well as possible contradictions?

Probably so, but the problems raised by the long list of Federal aid-to-education programs over many agencies go beyond that of economy in government. The lack of coordination has made it difficult for many local school officials to apply Federal aid to local educational problems.

Another aspect of the maze of Federal financing is the unnecessarily long "response time" or "reaction time" to requests from State and local agencies for services. While the inherent time-lags associated with big bureaucratic organizations contribute to this problem, this is undoubtedly aggravated by the organizational responsibilities which are related to the 40-odd categorical programs. Administrative requirements for such programs are considerably different in nature from those for general aid. It must be assumed that any move from categorical to general aid will have a direct effect on administrative requirements and, hopefully, will result in an improvement in response time.

A school superintendent wishing to mount an overall improvement program for a high school in a disadvantaged area might, for example, obtain aid for it under Title I of ESEA (for school districts with large concentrations of low-income families); Title II (textbooks, audio-visual and other instructional materials); Title III (innovative programs which can be adapted elsewhere); NDEA, for teacher workshops in almost every subject; the Vocational Education Act, for equipment; and under a variety of other pieces of legislation for purposes ranging from school lunches to research. Each of these purposes would be valid and, if integrated into a well thought-out program, perhaps highly useful.

Yet each requires a different application form. Several different bureaus of the U.S. Office of Education -- each with its own priorities and criteria for judging applications -- would be involved. This procedure is time-consuming and annoying enough for large city school systems; small school systems find it virtually impossible to assemble the pieces of Federal aid into a single package that meets their particular needs.

About 1967, recognizing the justice of school districts' complaints about the excessive fragmentation of categorical programs, the U.S. Office of Education began exploring a system by which a superintendent could apply for a total "package" of grants with a single application. While some progress has been made, the basic causes for local administrative confusion still exist.

The deficiencies of narrow categories of Federal aid are obvious by now. Yet general aid has deficiencies, too -- notably the possibility that a local school district's use of Federal funds will not be related to any discernible purpose for which the citizens at large should be taxed. It seems likely that balancing the national interest against the needs of local school districts may require a Federal aid policy that offers general and categorical grants. The problem is to determine what the proper mix should be, for which purposes, and in what amounts.

The effective use of national resources for education, regardless of the level of government that sponsors their allocation, also requires an analysis of State and local aid programs. Some States and a few localities have taxed themselves to mount aid programs

which duplicate Federal programs. While the Federal Government should pay due attention to States and localities which lack the resources even for an educational program of minimal quality, it should also consider rewarding those which have made a greater effort. Matching funds supply an incentive for greater effort in some cases; in others, they penalize States and localities with low tax-bases. In all cases, care must be taken to prevent a State or locality from exploiting Federal programs to decrease taxes or apply education funds to other purposes.

Generally speaking, Federal aid-to-education programs have been enacted in response to emergencies of one kind or another. Most of the emergencies have been real, and the programs as well designed as time, the state of educational wisdom, and political reality would permit. Considering the mixed results of some Federal programs from which great results were expected, however, the increasing strain on the tax dollar, and the competition among all sorts of national needs ranging from defense to air pollution control, it is time to sort out the grab-bag of Federal aid-to-education programs and to determine whether they can be more effectively integrated with each other, and with State and local programs, to meet national objectives.

VII. PROJECTIONS OF FUTURE ENROLLMENTS AND EXPENDITURES

The Executive Order which established the President's Commission on School Finance requested a "....study, and report to the President on future revenue needs and resources on the nation's public and non-public elementary and secondary schools."

Any projection of school finance must consider a multitude of variables, some of which have been identified in this report. Population trends, mobility trends, costs of living, technological innovations, revenue potentials, distribution patterns, are but a few of the more obvious items. Further, to be of any use, such projections must be based on valid data -- much of which is either not readily available or non-existent.

In approaching this task, the Commission is aware of the potential dangers of being engulfed with a mountain of detail which could obscure the vision of all who must rely on this product for policy development. By their very nature, statistical analyses and projections must rely on a vast body of information. Such dangers have aptly been described by Kenneth Clark, who wrote in Dark Ghetto, "when scientific objectivity is carried to the extreme, it tends to block meaningful or insightful study of human affairs and leads to the preoccupation with trivia. Feeling may twist judgment, but lack of feeling may twist it more."

Most projections of this sort have been developed in the past by a variety of sources for parochial interests. Little, if any, effort has been made to present a comprehensive analysis of projected

revenues and costs for education on both a national and localized basis. Equally important, past projections have not provided cost differentials among different regions and among different types of school districts within those regions.

The higher the level of estimating, the easier the task. National projections need not identify all individual State forecasts -- State projections need not identify all individual school district forecasts -- school district projections need not identify all individual school forecasts. But the interrelationships from the school to the national level should somehow be reflected in a forecast of needs.

The Commission will attempt to do this. We plan to develop a model which will reflect differentials throughout the country, both by region and by urban, suburban, and rural area within a region. In its development, we are designing a capability to test the impact of alternative school finance strategies. In addition, we are attempting to work closely with selected States to demonstrate its applicability in State educational finance planning.

The States must be involved in this effort; cooperation will produce a greater degree of confidence both on their part and ours in use of any new or improved analytical technique. Moreover, unless responsibility for reporting on education is radically changed, State education agencies will continue to be the source of much of the Nation's quantitative data on education.

As has been said, the unavailability of necessary data has been the primary cause for inhibiting past projection activities. Through our efforts, we hope to identify the "benchmark data" for elementary and secondary schools for the future. We hope further to provide a mechanism for an on-going system supplying educational data related to issues of finance, programs, and achievement.

VIII. TECHNOLOGICAL INNOVATIONS

In the early and mid-1960's, when the term "teaching machines" began gaining currency, some enthusiastic boosters of instructional technology predicted that it would "revolutionize" learning. They saw bright visions of computer-consoles sitting next to the washer-dryer or stereo at home so that not only Junior, but Mom and Dad, too, could pursue Truth without having to resort to anything as mundane as a school or library. Skeptical individuals reacted with predictable gloom, warning the public that instructional technology would "dehumanize" education. Others, sharing neither the ecstasy of the boosters nor the foreboding of skeptics, felt that technology would free teachers from much classroom routine -- listening to each child recite, for example, or presenting facts that other media could present better -- so that they could diagnose the learning problems of individual learners.

Fortunately or unfortunately, none of these groups has been proven right, for educational technology has as yet had only slight impact on American education. The Commission on Instructional Technology, appointed in 1968, reported in 1970 that less than 5 percent of the 1.25 billion hours which the Nation's pupils spend in class each week makes any use of films, filmstrips, records, teaching machines, television, computer-assisted instruction, or any other technology. "Educational institutions," reported that Commission, "make scant use of the potent means of communication that modern society finds indispensable and that occupy so much of young people's out-of-school time."

This under-utilization of a technology so widely hailed a few years ago is doubly surprising because school superintendents clamored for Federal funds to enable them to buy it, and in fact, bought large amounts of it through Title II of ESEA. Subsequent investigations by the U.S. Office of Education indicated that more often than not, the shiny new machines rested undisturbed in classroom corners or basement storerooms after they were delivered; so pronounced was this phenomenon that the Office of Education finally issued a directive stating that it would regard with suspicion fund applications for the purchase of large amounts of equipment.

Among the reasons cited for the failure of instructional technology to have any significant impact on American education are these:

-- The new technology is costly. Between 60 and 70 percent of educational budgets go for teachers' salaries, and only 4 percent is available for instructional materials of all kinds, including textbooks. Federal aid has not been sufficient to enable school districts to introduce technology on a wide scale.

-- Instructional technology has too often been the stepchild of technology originally developed for industry or the commercial, consumer market; it has been adapted <u>to</u> educational purposes, rather than designed specifically <u>for</u> them, and after the initial blush of enthusiasm, educators found much of the hardware unsuited to their needs.

-- Development of hardware outpaced the development of software; after they bought the machines, educators found a dearth of materials to put into them.

-- Education officials and industry both neglected the teacher-training component necessary to make technology effective. "Teachers must be trained," wrote the New York Times' education editor, "not in the occasional use of technology but in the restructuring of the curriculum to make the technology as much a part of the educational process as the textbook and the blackboard."

The failure to date of instructional technology to make its expected contribution to school improvement does not necessarily mean that local, State, and Federal governments should curtail support in this area. It may mean that they should point their programs in different directions -- for example, subsidizing the development of excellent instructional software across the entire curriculum, across all the grade levels from kindergarten through twelfth grade. As the software improves in quality and educators' confidence in it grows, the demand for hardware should increase and thus lower per-unit costs. Perhaps State and Federal governments should give new attention to programs for training educators in the use of that technology. Perhaps, too, they should consider acceptable means of encouraging private corporations to develop "compatible" items of technology, so that software produced by one company could be used with hardware produced by another; otherwise, as the early days of the computer industry proved, a school system that purchases

one brand of hardware might forever be restricted to the same brand of software.

Despite the disappointing results, many of the hopes and promises held for instructional technology still seem feasible. Some of them seem absolutely essential to the national goal of offering every American youngster a first-rate education, regardless of his place of residence. There are still approximately 3,000 one-room schoolhouses in the Nation, each staffed by a teacher who must instruct children of varying ages in every subject. Small school districts have the same problem, though in lesser degree, of trying to provide curricular variety -- how can they offer courses in Russian and biology when their present staff knows only French and chemistry? In such ways are the educational opportunities of American children curtailed -- in an era when we can communicate with satellites that have been orbiting the earth for years.

IX. ECONOMIES IN EDUCATION

In his message to Congress of March 3, 1970, in which President Nixon announced establishment of the Commission and outlined its mission, he said of the financial crisis facing American schools, "To state dogmatically, 'money is not the answer' is not the answer."

Indeed it is not. Assuring every American child a quality education will undoubtedly require continued and probably increased investment in the schools. And while the Commission will not hesitate to specify areas in which increased Federal or other public support appears warranted, it wishes also to investigate possible economies that might be realized if education agencies adopted improved management practices.

Among the more obvious of these possibilities is the elimination of the 9-month school year which, as the President said, "may have been justified when most youngsters helped in the fields during the summer months, but it is doubtful whether many communities can any longer afford to let expensive facilities sit idle for one-quarter of the year." While initial operating expenses may increase as a result of 12 rather than 9 months' utilization, the potential for reduced requirements for additional facilities is apparent.

The potential for deriving greater value from scarce resources seems especially pronounced in urban areas, where high land and construction costs lead to disproportionate capital expenditures. New York City has pioneered in incorporating city schools in office buildings; sale or rental of the air rights over city-owned land to commercial developers in effect pays for the construction of several

floors in the building for use as classrooms, so that the city obtains a new school at no or minimal cost to itself. To look at the typical new school, one would think that some educational credo dictates that school buildings must be no more than three stories high, and that they must be surrounded by acres of playing fields; but some outdoor athletic facilities can be built on top of schools -- and the scarcity of land in the cities makes such use financially attractive.

The multiple use of school facilities is another possibility. Most buildings are used a portion of the week, from nine in the morning to three in the afternoon, and sit empty on weekends. Extra use can be obtained from these facilities by employing them as community centers for adult education and recreation in the evenings, and as satellite offices for community social agencies. The value of such multiple use goes beyond finance: a well thought-out program for the after-hours utilization of school buildings can give a community a sense of unity so frequently lacking in our anonymous, high-rise urban neighborhoods.

Philadelphia's Parkway School suggests that a school need not have a building of its own at all. By obtaining the cooperation of a number of local cultural and commercial institutions -- including the Philadelphia Museum of Art; the Franklin Institute; the Rodin Museum; the Academy of Natural Sciences; the Free Library of Philadelphia; the Insurance Company of North America; the Bell Telephone Company; Smith, Kline and French Laboratories; two

newspapers;and a radio and television station -- the city has been able to create an "instant" high school that uses the facilities of all these organizations as its own classrooms. This concept -- which can, of course, be duplicated only in certain areas -- has the additional merit of placing students in a much more varied, much more "real" environment than most students encounter during their school years.

Better utilization of instructional personnel -- the largest single component of school costs -- could result in significant savings with no reduction and perhaps an increase in student achievement.

It is inconceivable, at this time, to imagine that the future will bring any serious change in the reliance on the teacher as the most critical element in providing educational services to children. In the interest of providing these services at the lowest cost, however, we must examine alternative ways of performing this function. The use of paraprofessionals or teacher-aids should be considered; the development and utilization of technology related to teaching services offers potential; the more unorthodox teaching techniques now showing promise should be tested more widely and adopted where applicable.

All of these innovations could produce a new type of instructor; someone who would possess a much wider range of abilities and could serve more effectively as a leader of the instructional process. The climate could be considerably more conducive to the development of

many alternative teaching techniques nearer the student. The result could increase educational effectiveness while reducing the demand for educational resources.

The last few years have seen a surge of interest among educators in the adoption of industrial and commerical management techniques, particularly five- and ten-year advance planning. A number of school systems are experimenting with Planning, Programming and Budgeting (PPBS) concepts in one form or another, developing management information systems, and moving to program-budgeting to show not only how educational dollars were spent, but how much gain in achievement they produced. Dade County in Florida has turned over its capital construction program to a private architectural consulting firm; its early experience indicates that getting educators out of the building business and inviting experts into it produces both economy and facilities better suited to the needs of instruction. Other cities are exploring the feasibility of turning over other support services -- textbook warehousing and distribution, cafeterias, building maintenance -- to commercial firms, rather than continuing to operate these services themselves.

The Commission intends to develop recommendations for achieving greater use of the schools' financial resources by analyzing these and other experiments.

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APPENDIX

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Presidential Documents

Title 3—THE PRESIDENT

Executive Order 11513

ESTABLISHING THE PRESIDENT'S COMMISSION ON SCHOOL FINANCE

By virtue of the authority vested in me by the Constitution and statutes of the United States, and as President of the United States, it is ordered as follows:

SECTION 1. *Establishment of the Commission.* (a) There is hereby established the President's Commission on School Finance (hereinafter referred to as "the Commission").

(b) The Commission shall be composed of not more than sixteen members to be appointed by the President. The Chairman and Vice Chairman of the Commission shall be designated by the President from among the members.

(c) Members of the Commission who are otherwise compensated by the United States for full-time service shall serve without compensation in addition to that received for their full-time service; but they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law. Other members of the Commission shall receive compensation at the rate of $100 per diem when engaged in the actual performance of duties vested in the Commission, and they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by 5 U.S.C. 5703, for persons in the Government service employed intermittently.

SEC. 2. *Functions of the Commission.* It shall be the function of the Commission to study, and report to the President on, future revenue needs and resources of the Nation's public and non-public elementary and secondary schools. Such study and report shall include:

(1) The implications of the leveling-off in school enrollments for fiscal and educational planning on all levels of government and for non-public schools.

(2) The fiscal status of non-public elementary and secondary schools, and attendant implications for public schools and public policy.

(3) The probable rate of growth in per-pupil expenditures in the coming decades and its consequences for tax policy, for educational finance, and for educational quality.

(4) A review of the financial structure of elementary and secondary education and an assessment of future trends in the public and private sectors.

(5) The adequacy of the existing tax base and structure for the support of public schools, and possible alternatives.

(6) An assessment of the potential of non-public schools to contribute more effectively to the nation's educational progress, of the present and future needs and problems of non-public schools, and of ways and means by which non-public schools can be assisted, within the limits of the law, in carrying out their educational responsibilities.

(7) An assessment of present public programs which aid non-public schools and comparison with programs aiding public schools.

(8) Recommendations for achieving greater cooperation between public and non-public schools in furthering the education of all children.

(9) Possible inequities and disparities in educational expenditures among States and between urban, suburban, and rural systems; and the effects of Federal and State aid programs on such disparities.

(10) Recent proposals by State and local governments to revise the organizational and financial structure of their school systems and the need for complementary changes in Federal programs and organization.

(11) The implications of Federal revenue sharing for the financing of public and non-public education.

(12) The implications of possible changes in the public welfare system and in the program of aid to Federally-impacted areas for school services and for the financing of public and non-public education.

(13) The ways to achieve possible efficiencies in the use of educational facilities and personnel.

(14) The advantages and disadvantages of changing the organization of public education on the State and local level and of consolidating some districts and decentralizing others.

(15) Ways of altering the distribution of Federal education funds so as to simplify and improve their usefulness for State, local and non-public education agencies.

(16) The adequacy of present data concerning the distribution of Federal, State, and local education funds among States, communities, neighborhoods, and individual schools within districts, and ways of improving the collection and use of such data.

(17) Existing measures of the results of schooling, possible improvements in helping local schools make such measurements, and ways to enable schools to compare their results with schools in similar circumstances.

(18) Such other matters as the Commission finds it necessary to study in order to treat adequately those mentioned above.

SEC. 3. *Assistance to the Commission.* (a) The Commission is authorized to appoint such personnel as it deems necessary, to fix their compensation in accordance with law, to obtain services in accordance with the provisions of 5 U.S.C. 3109, and to enter into contracts for the conduct of studies necessary to the performance of its functions.

(b) In compliance with the provisions of applicable law, and as necessary to serve the purposes of this order, (1) the Department of Health, Education, and Welfare shall provide or arrange for necessary administrative and staff services, support, and facilities for the Commission, and (2) each executive department or agency shall furnish the Commission such information and other assistance as may be available.

SEC. 4. *Reports and Termination.* The Commission shall present such interim reports to the President as the President or the Commission shall deem appropriate. The Commission shall present its final report not later than two years from the date of this order. The Commission shall terminate thirty days following the submission of its final report.

Richard Nixon

THE WHITE HOUSE,
March 3, 1970.

[F.R. Doc. 70-2764; Filed, Mar. 3, 1970; 5:03 p.m.]

President's Commission on School Finance

IDENTIFICATION OF KEY ISSUES AND RELATED STUDY PROJECTS

ISSUE	PROJECT
1. What should be the role of each level of government to provide quality education?	Intergovernmental Relations and the Governance of Education.
2. Determine the degree to which the public purpose is served by the operation of non-public schools.	Legal, Constitutional and Economic Problems of Non-Public School Support and their Implications for Public Policy.
	A Study of the Current and Potential Economic and Social Contributions of Non-Public Schools and the Potential for Increased Cooperation Between Public and Non-Public Schools.
3. To what extent can public resources be used for non-public schools and what are the attendant obligations of non-public schools?	A Review and Assessment of Public Support Programs to Non-Public Schools.
	Alternative Possibilities of Public Support to Non-Public Schools.
4. How can we improve the existing State and local tax and revenue structure to provide revenues which maximize yields and minimize public objections?	Tax Study--Sources of State and Local Funds.
5. How can we improve the present distribution of State and local education funds to maximize equality and minimize disparity?	Review of Existing State Programs.
	Alternative Approaches for Equalizing Distribution of Funds and Services.
	Funding Innovations.
6. Can we define or establish a working definition of "Equal Educational Opportunity" for all individuals, in both a fiscal and educational sense? If yes, relate to roles of each level of Government.	Educational Effectiveness.
	(Intergovernmental Relations and the Governance of Education.)
	(Review of Existing State Programs.)

( ) Indicates applicability of previous project

ISSUE	PROJECT
7. Is there any basis for justifying public support to a child, regardless of the school attended?	(Funding Innovations.)
8. Can we determine what educational outputs should be and the techniques to measure them?	(Educational Effectiveness.)
9. What changes in purposes, procedures or institutional arrangements are needed to improve the quality of American elementary and secondary education?	Educational Innovations.
10. Can we illustrate the economic benefits of education?	Investment in Education.
11. What can the Federal Government do to direct its financial assistance in a manner most consistent with the "new federalism" as well as National (Federal-State-Local) Goals?	Redirection of Federal Programs.
12. What are the unique problems of financing the "inner-city" schools and what can be done now?	Financial Problems of the "Inner-City" Schools.
13. What are the unique problems of financing the education of special or high-cost target groups, such as Negro, Mexican-American or other minority groups, as well as handicapped children and those children living in sparsely populated areas?	(Alternative Approaches for Equalizing Distribution of Funds and Services.)
14. What are the enrollment and financial projections for the 1970's and their implications for financial requirements?	Projections of Future Enrollments and Financial Requirements.
15. Do we have adequate statistics and data to effectively portray the results of Federal-State-Local programs to tell us what we are financing?	Adequacy of Data.

( ) Indicates applicability of previous project

ISSUE	PROJECT
16. Are the new technologies which are being utilized throughout the nation increasing or decreasing costs and are they worth it in terms of instructional effectiveness?	Technological Innovations
17. What is the potential for more efficient utilization of resources through improved techniques of business management, including technological innovations.	Economies in Education.

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